



AMENDMENTS TO THE SPECIFICATION:

Page 11, lines 11-20, please amend as follows:

(1) As for the divided sequence with a lot of movements and the divided sequence with middle-level movements, an image in which the frame rate is improved and the inter-frame image quality is lowered, and on the contrary an image in which the frame rate is lowered and the inter-frame image quality is improved, and a moderate image between the above ~~[[tow]]~~ two images are created within a predetermined bit rate range. As for the sequence with small movements, a compressing rate is controlled within a predetermined bit rate so that the inter-frame image quality is improved as much as possible.